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**SUBJECT: Procedures for CIA Budgeting for the National
Reconnaissance Program**

**REFERENCE: DCI - Deputy Secretary of Defense NRO Agreement
13 March 1963**

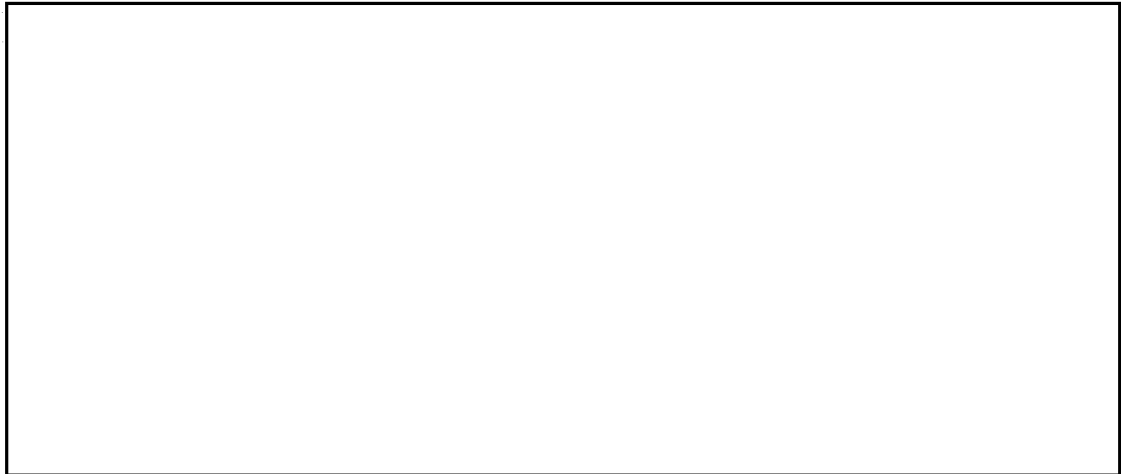
1. Purpose: To implement budgeting arrangements for monies included within the CIA budget to provide for the financing of NRO tasks assigned to CIA in accordance with paragraphs III K and L of the NRO Agreement dated 13 March 1963.

2. Definitions: "Assigned tasks" are those programs assigned by the DNRO to CIA for technical direction and contract administration. Conversely, assigned tasks do not include contracting arrangements undertaken by CIA at the request of the NRO, the funds for which CIA receives as advances from the NRO.

3. Origin of Appropriation: The funds in the CIA appropriation provided for the financing of assigned tasks will have been budgeted for by CIA as the result of mutual agreement between the Sec/Def and the DCI based on programs presented by DNRO and for which CIA will receive new obligational authority.

NRO review(s) completed.

4. Procedures:



b. The integrity of the funds contained in the CIA appropriation for assigned tasks will be maintained unless adjustments are mutually agreed to by the Sec/Def and the DCI. Assigned tasks funds will not be reprogrammed between NRP line item activities without approval of the DNRO.

c. The Deputy DNRO (who is also Deputy Director/Research, CIA) will be responsible for directing within CIA, NRO assigned tasks and ensuring in coordination with the CIA Comptroller the proper utilization of funds to these tasks.

d. As required by the DNRO, CIA will provide on a regular basis an accounting for the obligation and expenditure of the funds appropriated to CIA for assigned tasks.

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e. Costs of assigned tasks in excess of specifically budgeted amounts will not be incurred without prior approval of the DNRO. The funds to defray such excess costs will be reprogrammed by the DNRO and made available to CIA.

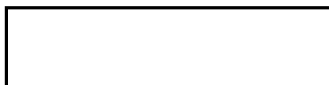
NATIONAL RECONNAISSANCE OFFICE
PROGRAM FUNDING

NRO (P)

1. The National Reconnaissance Office programs will be financed from appropriations for the military functions of the Department of Defense.
2. The NRO programs will be implemented based upon individual projects approved by the DNRO and the NRPG through the issuance by the DNRO of program directives to program directors; i.e. Program Director, Program Baker in the instance of projects to be accomplished through the CIA.
3. Based upon the program directive, the Deputy Director (Research) of CIA will prepare a definitized program document including the estimate of funds required therefor. The Comptroller of CIA will prepare a Standard Form No. 1080 "Voucher for Transfers Between Appropriations and/or Funds" in the amount of the estimated funds required as shown on the definitized program document and will cross reference via a code identifier.
4. The definitized program document and the Standard Form No. 1080 voucher will separately be transmitted to the NRO. The NRO will arrange for the accomplishment of the Standard Form No. 1080 voucher and thereby accomplish the advance to the CIA of the precise amount estimated to be required for the specific individual project or task as previously approved by the Director NRO.
5. Funds advanced to the CIA for each specific project or task will be available only for the specific purpose for which advanced and any adjustments between projects or tasks will require the specific approval of the NRO. Flexibility within each project and task is authorized without reference to the NRO, provided that the total advance for the project or task is not exceeded.
6. The CIA will report on a periodic basis, not less than monthly, the fiscal status of each project or task in relationship to the amount advanced to the CIA therefor.
7. The foregoing arrangements will be effective beginning with the NRO program for FY 1963 and subsequent fiscal years.

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Definitions of Project and Task as appearing in
U.S. Air Force Dictionary - 1956 -

PROJECT - n. (proj) A planned undertaking or assignment to accomplish something specific.

A project is always distinct, and requires special personnel, resources, and effort. A project may be set up, for example, to develop a new type of weapon, to explore a field of knowledge, to write a dictionary, etc. The word "project" sometimes appears in specific names, as in "Project Beetle", "Project Rand", etc.

TASK - n. 1. In a general sense, any limited undertaking imposed by another or by one's own sense of duty; an undertaking requiring labor and effort. 2. Restrictive. a. Such an undertaking assigned so as to forward a mission; See note. b. A special undertaking requiring a specially organized but temporary force to carry it out, such as that involved in the operation of a task force. 3. The purpose or objective of any such action.

In sense 2a, the task is subordinate to a mission, and innumerable tasks may be performed in carry out a mission. This sense is closely related to sense 2b, in that each task is special and of a limited duration.

Although the work "task" might describe the special character of an air mission (sense 2) which is special and of limited duration, it is not an appropriate word for this action because it has no connotation of "being sent".

In tactical or theater air operations, the three basic tasks (sense 2a) are considered to be counterair action, interdiction, and close air support. See PHASE, n., note. (((Latter not applicable our purpose)))

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Recommended Changes to Paper
"National Reconnaissance Office Program Funding"

1. Insert as beginning paragraph a list of definitions for the following terms: "Program", "Project", "Task".

(sk) Reason for change: Current agreements and procedures do not spell out what we are talking about when using these terms. Is OXCART a program, project or task? Is the contracting service provided by OSA a task? Unless questions like these are answered, we cannot be fully assured we know what we are approving.

2. Paragraph 2., last line, change to read: ".... instance of program to be accomplished through the CIA."

Comment: A program Director by definition must be directing a program. Otherwise he would be a Project Director.

3. Paragraph 3., delete "Deputy Director (Research) of CIA" and substitute "Program Director in CIA".

Comment: There is no need to state in an NRO paper precisely who the Program Director in CIA will be. Assignments may change in the future. This person is not to be confused with the Deputy DNRO who is supervising CIA activities rather than managing activities.

4. After paragraph 4., insert new paragraph 5. and renumber following paragraphs.

5. In the case that funding requirements for a project may change during the course of the fiscal year, the Program Director in CIA will submit a revised definitized program document to indicate revised dollar estimates for decision by NRO. The NRO will arrange for the required reprogramming of funds and execute a revised advance of funds as appropriate.

Comment: The current paper does not provide for cost overruns, which has been the experience since inception of the program.

5. Paragraph 4., line 6
Paragraph 5., lines 1, 3, 5, 7
Paragraph 6., line 2

Delete the words "or task"

Comment: The word "task" connotes CIA base programs in OSA such as personnel under CIA ceiling control and paid for with basic CIA funds. The word "project" will be sufficient to identify work to be accomplished through fund advances.



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6. Paragraph 7., delete "FY 1963 and subsequent fiscal years" and substitute "FY 1964".



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20 MarchWORKING PAPER

Comments by H. Scoville on NRO Funding paper dated 19 March 1963

1. I do not believe that the proposed NRO instruction goes far enough in terms of providing guarantees to the DNRO that he will have under this situation reasonable management control of the funds. I believe we should specifically include the following provisions:

- a) The proposed CIA budgeted funds will be approved by the DNRO prior to submission to higher authority.
- b) Funds appropriated to CIA for the NRP will not be reprogrammed outside the NRP without concurrence by Sec/Def and DCI.
- c) Funds appropriated to CIA for the NRP will not be reprogrammed from 1 NRP line item to another without approval of the DNRO.
- d) CIA will provide to the DNRO on a regular basis an accounting of the expenditure of the funds in any manner desired by the DNRO.
- e) Requests for funds in excess of those budgeted for any line item will be requested as a reimbursement from the DOD.
- f) Excess funds in the CIA/NRO budget will be made available as directed by the DNRO for any other approved NRO programs.

2. The following are counter arguments to Bross' views:

a) The proposal which would place the CIA/NRO funds under CIA new obligational authority does not, in my opinion, conflict with the philosophy that there should be a centralized control over the NRP and its funding as long as the procedures in my amended instruction No. 1 above are followed. This provides the NRO with control over the funds during the preparation of the budget, the presentation of the budget and continuously in the expenditure of the funds. It clearly places the

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authority for any reprogramming away from approved NRO activities in the hands of the DNRO. However, it does avoid the necessity of requiring CIA every time it wishes to expend funds under an approved program for going back and getting explicit approval with all of the delays that such procedures would entail. The success and speed of the CIA reconnaissance program in the past has been in many ways directly related to the streamlined management procedures under which it is operated. If the NRO review of each expenditure were not to delay the program, then it, of necessity, would be perfunctory and of no value. If it were detailed, then prolonged delays, extensive briefings, discussions and time-wasting sessions would inevitably occur. Examples of this type of situation have occurred over and over again during the past year with serious effects on the program. (Note: OSA - please give me some specific examples.)

b) So far as 1963 is concerned, it is absolutely essential that this matter get cleared up. The principle that the DOD can withhold funds which have been legally appropriated to us and apportioned to us by the BOB cannot be allowed to stand.

c) I believe that the integrity of the program funds required by CIA cannot be so easily maintained by a joint arrangement with the NRO in the form of an instruction (paragraph 8 b of Bross' conclusions). It seems extremely unlikely that I would be able to negotiated such an instruction without having any authoritative backing when the Agency has not succeeded in doing so when it has the legal backing of a Congressional appropriation, an apportionment by the BOB, and a flat statement to the DCI by Mr. McNamara in my presence that the only thing he was worried about was that he didn't wish the CIA portion of the NRO funds to be diverted to non-NRO activities.

d) In view of this, I believe that the last provided clause in paragraph 8c is a very strong provision^{so} which can probably not be relied on.

Dictated but not read by

Dr. Scoville

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2 - Col. Giller

3 - OSA

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